

**House File 607 - Reprinted**

HOUSE FILE 607

BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HSB 162)

(As Amended and Passed by the House April 1, 2013)

**A BILL FOR**

1 An Act relating to the state government, by providing for  
2 the transfer of powers and duties from the agricultural  
3 development authority to the Iowa finance authority,  
4 the composition of the Iowa finance authority board of  
5 directors, implementation of law by the board, and including  
6 effective date provisions.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

GENERAL PROVISIONS

Section 1. Section 16.1, subsection 1, Code 2013, is amended by adding the following new paragraphs:

NEW PARAGRAPH. *0c.* "*Board*" means the Iowa finance authority board of directors created pursuant to section 16.2.

NEW PARAGRAPH. *0j.* "*Executive director*" means the executive director of the Iowa finance authority as appointed pursuant to section 16.6.

Sec. 2. NEW SECTION. 16.1A Creation — administration of programs.

1. The Iowa finance authority is created, and constitutes a public instrumentality and agency of the state exercising public and essential governmental functions.

2. The authority shall undertake and administer the following:

*a.* Programs established under this chapter to assist in attainment of adequate housing for low-or moderate-income families, elderly families, and families which include one or more persons with disabilities, and to undertake the various finance programs under this chapter.

*b.* Programs which assist qualified farmers or agricultural producers, including beginning farmers, as provided in chapter 175.

3. The Iowa finance authority board of directors shall have general control, supervision, and regulation of all authority programs established under this chapter and chapter 175. The authority is charged with the broad administrative authority to make, administer, interpret, construe, repeal, and execute the rules, and to administer, interpret, construe, and execute the laws of this state relating to such programs. The board may, by resolution, delegate to the agricultural development board, executive director, or other authority employee such of its powers, under such terms and conditions, as it deems appropriate.

1     Sec. 3. Section 16.2, subsection 1, Code 2013, is amended  
2 to read as follows:

3     1. ~~The Iowa finance authority is established, and~~  
4 ~~constituted a public instrumentality and agency of the state~~  
5 ~~exercising public and essential governmental functions, to~~  
6 ~~undertake programs which assist in attainment of adequate~~  
7 ~~housing for low or moderate income families, elderly~~  
8 ~~families, and families which include one or more persons with~~  
9 ~~disabilities, and to undertake the various finance programs.~~An  
10 Iowa finance authority board of directors is created. The  
11 powers of the authority are vested in and shall be exercised by  
12 a the board of. The board includes nine members appointed by  
13 the governor subject to confirmation by the senate.

14     a. ~~No~~ Not more than five members shall belong to the same  
15 political party.

16     b. As far as possible, the governor shall include within  
17 the membership persons who represent community and housing  
18 development industries, housing finance industries, the real  
19 estate sales industry, elderly families, minorities, lower  
20 income families, very low income families, families which  
21 include persons with disabilities, average taxpayers, local  
22 government, business interests, and any other person specially  
23 interested in community housing, finance, or small business.

24     Sec. 4. Section 16.2A, subsections 5 and 7, Code 2013, are  
25 amended to read as follows:

26     5. Members of the board and the executive director shall  
27 give bond as required for public officers in chapter 64.

28     7. Members shall elect a chair and vice chair annually and  
29 other officers as they determine. The executive director shall  
30 serve as secretary to the board.

31     Sec. 5. Section 16.103, subsection 1, Code 2013, is amended  
32 to read as follows:

33     1. Make secured and unsecured loans for both the acquisition  
34 and the construction of projects on terms the authority  
35 determines. ~~Any loan made with respect to any project for~~

~~1 which a loan may be made pursuant to chapter 175 shall be made~~  
~~2 only upon the request and with the consent of the agricultural~~  
~~3 development authority. The loans~~ A loan may be made to any  
 4 person or entity including, but not limited to, a city, a or  
 5 county, ~~and the agricultural development authority for projects~~  
 6 a project approved by the Iowa finance authority. The Iowa  
 7 finance authority may take any action which is reasonable and  
 8 lawful to protect its security and to avoid losses from its  
 9 loans.

10     Sec. 6. NEW SECTION. 16.221 **Agricultural development**  
 11 **division — administration of programs.**

12     1. An agricultural development division is created within  
 13 the authority. The division shall administer chapter 175,  
 14 by providing assistance to beginning farmers, agricultural  
 15 producers, displaced farmers, or other persons qualifying for  
 16 such assistance under chapter 175.

17     2. The agricultural development division shall be  
 18 administered in accordance with the policies of the  
 19 agricultural development board created in section 175.3. The  
 20 executive director of the authority may organize the division  
 21 and employ necessary qualified personnel to administer this  
 22 chapter and chapter 175.

23     3. The division shall, to every extent practical, assist  
 24 such persons to do all of the following:

25     a. Acquire agricultural land, agricultural improvements,  
 26 or depreciable agricultural property, including as provided in  
 27 section 175.12 or 175.33.

28     b. Implement the installation of permanent soil and water  
 29 conservation practices and the acquisition of conservation  
 30 farm equipment for agricultural land, including as provided in  
 31 section 175.34.

32     c. Obtain affordable operating capital, including as  
 33 provided by section 175.35.

34     d. Begin or expand beef cattle operations, including as  
 35 provided in section 175.36.

1     *e.* Obtain agricultural assets transfer tax credits,  
2 including by issuing tax credit certificates pursuant to  
3 section 175.37.

4     *f.* Develop programs to assist qualified agricultural  
5 producers within the state with financing other capital  
6 requirements or operating expenses.

7     4. A program established in chapter 175 may be combined with  
8 any other program established in this chapter, or a federal  
9 program, in order to facilitate, as far as practical, the types  
10 of assistance described in this section.

11     5. The net earnings of the division, beyond that necessary  
12 for retirement of its notes, bonds, or other obligations or to  
13 implement the public purposes and programs authorized in this  
14 chapter or chapter 175, shall not inure to the benefit of any  
15 person other than the state.

16     6. *a.* At least two of the authority's full-time equivalent  
17 positions, as defined in section 8.36A, shall be entirely  
18 dedicated to administering programs established pursuant to  
19 chapter 175. One of those full-time equivalent positions  
20 shall be dedicated to overseeing the administration of those  
21 programs, and to the extent that the programs are affected, the  
22 full-time equivalent position shall be provided the powers and  
23 duties necessary to do all of the following:

24         (1) Participate in making managerial decisions.

25         (2) Provide for outreach and promotion.

26         (3) Improve delivery of services.

27     *b.* This subsection is repealed on July 1, 2015.

28     Sec. 7. Section 175.2, subsection 1, paragraph e, Code 2013,  
29 is amended to read as follows:

30     *e.* "Authority" means the ~~agricultural development Iowa~~  
31 finance authority established created in section ~~175.3~~ 16.1A.

32     Sec. 8. Section 175.2, subsection 1, Code 2013, is amended  
33 by adding the following new paragraphs:

34     NEW PARAGRAPH. *Oh.* "Board" means the agricultural  
35 development board created in section 175.3.

1     NEW PARAGRAPH.   *Ok.*   *"Executive director"* means the executive  
2 director of the Iowa finance authority appointed pursuant to  
3 section 16.6.

4     Sec. 9.   Section 175.3, Code 2013, is amended by striking the  
5 section and inserting in lieu thereof the following:

6     **175.3   Agricultural development board.**

7     1.   The powers of the agricultural development division,  
8 created within the Iowa finance authority under section 16.221,  
9 are vested in and shall be exercised by the agricultural  
10 development board as provided in section 16.221 and this  
11 section.

12    2.   The agricultural development board is created to  
13 exercise all powers and perform all duties necessary to  
14 administer this chapter according to policies established by  
15 the Iowa finance authority. The authority shall establish  
16 policies and practices for the division and oversee its  
17 operations. The authority may review or approve decisions  
18 affecting the division or administration of this chapter,  
19 including decisions of the agricultural development board.

20    3.   The agricultural development board consists of five  
21 members appointed by the governor. The executive director of  
22 the Iowa finance authority or the executive director's designee  
23 shall serve as an ex officio nonvoting member.

24    4.   The appointed members of the agricultural development  
25 board shall be appointed and retain office as follows:

26    *a.*   Not more than three members shall belong to the same  
27 political party.

28    *b.*   As far as possible the governor shall include within  
29 the membership persons who represent financial institutions  
30 experienced in agricultural lending, real estate sales,  
31 farmers, beginning farmers, average taxpayers, local  
32 government, soil and water conservation district officials,  
33 agricultural educators, and other persons specially interested  
34 in family farm development.

35    *c.*   Members shall serve for staggered terms of six years

1 beginning and ending as provided in section 69.19. A person  
2 appointed to fill a vacancy shall serve only for the unexpired  
3 portion of the member's term. A member is eligible for  
4 reappointment. An appointed member may be removed from office  
5 by the governor for misfeasance, malfeasance, willful neglect  
6 of duty, or other just cause, after notice and hearing, unless  
7 the notice and hearing is expressly waived in writing.

8 5. The agricultural development board shall conduct  
9 business according to all of the following:

10 a. Three appointed members constitute a quorum and the  
11 affirmative vote of a majority of the appointed members is  
12 necessary for any substantive action taken by the board. A  
13 majority of appointed members shall not include any member who  
14 has a conflict of interest and a statement by a member that  
15 the member has a conflict of interest is conclusive for this  
16 purpose. A vacancy in the membership does not impair the right  
17 of a quorum to exercise all rights and perform all duties of  
18 the board.

19 b. Meetings of the board shall be held at the call of the  
20 chairperson or whenever two appointed members so request.

21 c. The appointed members shall elect a chairperson and vice  
22 chairperson annually, and other officers as they determine.  
23 The executive director of the Iowa finance authority or the  
24 executive director's designee shall serve as secretary to the  
25 board.

26 6. An appointed member of the agricultural development  
27 board is entitled to receive a per diem as specified in section  
28 7E.6 for each day spent in performance of duties as a member,  
29 and shall be reimbursed for all actual and necessary expenses  
30 incurred in the performance of duties as a member.

31 7. An appointed member of the agricultural development  
32 board shall give bond as required for public officers in  
33 chapter 64.

34 Sec. 10. Section 175.4, subsection 11, Code 2013, is amended  
35 to read as follows:

1 11. It is necessary to create an ~~agricultural development~~  
2 authority to encourage ownership of farms by beginning farmers  
3 by providing purchase money loans to beginning farmers who are  
4 not able to obtain adequate capital elsewhere to provide such  
5 funds and to lower costs through the use of public financing.

6 Sec. 11. Section 175.5, unnumbered paragraph 1, Code 2013,  
7 is amended to read as follows:

8 In the performance of its duties, implementation of its  
9 powers, selection of specific programs and projects to receive  
10 its assistance under this chapter, the authority shall be  
11 guided by the following principles:

12 Sec. 12. Section 175.6, unnumbered paragraph 1, Code 2013,  
13 is amended to read as follows:

14 The authority has all of the general powers needed to carry  
15 out its purposes and duties, and to exercise its specific  
16 powers, under this chapter including but not limited to the  
17 power to do any of the following:

18 Sec. 13. Section 175.8, subsection 1, unnumbered paragraph  
19 1, Code 2013, is amended to read as follows:

20 ~~The authority shall submit to the governor and to the members~~  
21 ~~of the general assembly as request it, not later than January~~  
22 ~~15 of each year, a complete and economically designed and~~  
23 ~~reproduced~~ As part of the authority's report setting forth:  
24 required in section 16.7, the authority shall detail its  
25 activities under this chapter, which shall include all of the  
26 following:

27 Sec. 14. Section 175.8, subsections 3 and 4, Code 2013, are  
28 amended to read as follows:

29 ~~3. For fiscal years beginning on or after July 1, 2007,~~  
30 ~~the auditor of state shall conduct an annual audit of the~~  
31 ~~agricultural development authority to be paid from resources~~  
32 ~~of the authority notwithstanding any other audit conducted on~~  
33 ~~behalf of the authority's board of directors. The auditor of~~  
34 ~~state may acquire the services of an outside audit firm, if~~  
35 ~~necessary, to conduct the audit as required in this subsection.~~



1     4. 3. The authority's executive director, ~~appointed~~  
2 ~~pursuant to section 175.7,~~ shall report semiannually to the  
3 general assembly's standing committees on government oversight  
4 regarding the operations of the authority.

5     Sec. 15. Section 175.26, Code 2013, is amended by striking  
6 the section and inserting in lieu thereof the following:

7     **175.26 Conflicts of interest.**

8     The requirements and procedures for conflicts of interest  
9 by a member or employee of the authority set forth in section  
10 16.3A shall also apply to this chapter.

11     Sec. 16. REPEAL. Section 175.7, Code 2013, is repealed.

12     Sec. 17. EFFECTIVE DATE. This division of this Act takes  
13 effect on July 1, 2013.

14                     DIVISION II

15                     COORDINATING PROVISIONS

16     Sec. 18. Section 7C.4A, subsection 4, Code 2013, is amended  
17 to read as follows:

18     4. Twenty-one percent of the state ceiling shall be  
19 allocated to qualified small issue bonds issued for first-time  
20 farmers under chapter 175. However, at any time during the  
21 calendar year the governor's designee, with the approval of the  
22 Iowa ~~agricultural development~~ finance authority, may determine  
23 that a lesser amount need be allocated to qualified small issue  
24 bonds for first-time farmers and on that date this lesser  
25 amount shall be the amount allocated for those bonds and the  
26 excess shall be allocated under subsection 7.

27     Sec. 19. Section 12.28, subsection 1, paragraph b, Code  
28 2013, is amended to read as follows:

29     *b. "State agency"* means a board, commission, bureau,  
30 division, office, department, or branch of state government.  
31 However, state agency does not mean the state board of regents,  
32 institutions governed by the board of regents, or authorities  
33 created under chapter 16, ~~175,~~ 257C, or 261A.

34     Sec. 20. Section 12.30, subsection 1, paragraph a, Code  
35 2013, is amended to read as follows:

1     *a. "Authority"* means a department, or public or quasi-public  
2 instrumentality of the state including but not limited to the  
3 authority created under chapter 12E, 16, ~~175~~, 257C, 261A, or  
4 463C, which has the power to issue obligations, except that  
5 *"authority"* does not include the state board of regents or  
6 the Iowa finance authority to the extent it acts pursuant to  
7 chapter 260C. *"Authority"* also includes a port authority created  
8 under chapter 28J.

9     Sec. 21. Section 16.1, subsection 1, paragraph b, Code 2013,  
10 is amended to read as follows:

11     *b. "Authority"* means the Iowa finance authority ~~established~~  
12 created in section ~~16.2~~ 16.1A.

13     Sec. 22. Section 159.18, subsection 1, Code 2013, is amended  
14 to read as follows:

15     1. As used in this section, *"farm programs"* includes, but  
16 is not limited to, financial incentive programs established  
17 within the division of soil conservation of the department of  
18 agriculture and land stewardship as provided in section 161A.70  
19 and the beginning farmer loan program administered by the  
20 ~~agricultural development~~ Iowa finance authority as provided in  
21 section 175.12.

22     Sec. 23. Section 422.7, subsection 19, Code 2013, is amended  
23 to read as follows:

24     19. Subtract interest earned on bonds and notes issued by  
25 the ~~agricultural development~~ Iowa finance authority as provided  
26 in section 175.17, subsection 10.

27     Sec. 24. Section 422.35, subsection 13, Code 2013, is  
28 amended to read as follows:

29     13. Subtract the interest earned from bonds and notes issued  
30 by the ~~agricultural development~~ Iowa finance authority as  
31 provided in section 175.17, subsection 10.

32     Sec. 25. Section 455B.291, subsection 2, Code 2013, is  
33 amended to read as follows:

34     2. *"Authority"* means the Iowa finance authority ~~established~~  
35 created in section ~~16.2~~ 16.1A.

1     Sec. 26. Section 502.201, subsection 9B, Code 2013, is  
2 amended to read as follows:

3     9B. ~~Agricultural development~~ Iowa finance authority. Any  
4 security issued by the ~~agricultural development~~ Iowa finance  
5 authority under chapter 175.

6     Sec. 27. EFFECTIVE DATE. This division of this Act takes  
7 effect on July 1, 2013.

8                                 DIVISION III

9                                 TRANSITIONAL PROVISIONS — GENERAL

10    Sec. 28. ADMINISTRATIVE RULES AND OTHER ACTIONS AND  
11 DOCUMENTS. Any rule, regulation, form, order, or directive  
12 promulgated by agricultural development authority under the  
13 umbrella of the department of agriculture and land stewardship  
14 pursuant to section 175.3, Code 2013, as required to administer  
15 and enforce the provisions of chapter 175 shall continue in  
16 full force and effect until amended, repealed, or supplemented  
17 by affirmative action of the Iowa finance authority.

18    Sec. 29. PENDING ADMINISTRATIVE OR JUDICIAL PROCEEDINGS.

19    1. An administrative or judicial proceeding arising under  
20 chapter 175 pending on the effective date of this division of  
21 this Act shall not be affected due to this Act.

22    2. Any cause of action or statute of limitation relating to  
23 an action taken by a party in a matter arising under chapter  
24 175 shall not be affected by this Act, except that the Iowa  
25 finance authority shall replace the agricultural development  
26 authority as a party.

27    3. The department of agriculture and land stewardship  
28 or the office of attorney general acting on behalf of the  
29 agricultural development authority in an administrative or  
30 judicial proceeding shall not be affected as result of this  
31 Act. Any statute of limitation shall apply to the parties as if  
32 this Act had not been enacted.

33    Sec. 30. PERSONNEL. Any personnel in the state merit system  
34 of employment who are transferred due to the effect of this Act  
35 shall be so transferred without any loss in salary, benefits,

1 or accrued years of service.

2     Sec. 31. REPLACEMENT ITEMS. Any replacement of signs,  
3 logos, stationery, insignia, uniforms, and related items that  
4 are made due to the effect of this Act shall be done as part of  
5 the normal replacement cycle for such items.

6     Sec. 32. APPOINTMENTS. In making appointments to the  
7 agricultural development board as created in section 175.3, as  
8 enacted in this Act, the governor shall appoint a number of  
9 initial members to serve for less than six years to ensure that  
10 members serve staggered terms.

11     Sec. 33. OUTSTANDING LEGAL OBLIGATIONS AND RIGHTS. Any  
12 interest in real property, tangible personal property,  
13 or intangible personal property held by the agricultural  
14 development authority shall be transferred to the Iowa finance  
15 authority. Any property right, security interest, or lien  
16 held by the agricultural development authority shall vest in  
17 the Iowa finance authority without an instrument of transfer  
18 including but not limited to a deed, contract, or endorsement.  
19 However, nothing in this section prohibits the execution of  
20 such instrument if the Iowa finance authority determines it  
21 is necessary or prudent. Any debt, obligation, or liability  
22 incurred by the agricultural development authority shall be  
23 assumed by the Iowa finance authority, and shall continue  
24 according to the same terms and conditions as applied to the  
25 agricultural development authority. Any right or benefit  
26 arising from a legal instrument in which the agricultural  
27 development authority was a party shall be transferred to the  
28 Iowa finance authority and shall continue as if the transfer  
29 had not occurred.

30     Sec. 34. ADMINISTRATION OF ONGOING PROGRAMS. The Iowa  
31 finance authority shall complete the administration of ongoing  
32 programs of the agricultural development authority as provided  
33 in chapter 175, to the extent that the administration of  
34 those programs are in progress on the effective date of this  
35 Act. The Iowa finance authority shall assume all rights

1 and obligations of the agricultural development authority  
2 to the extent that moneys have been committed, obligations  
3 incurred, or rights accrued prior to the effective date of  
4 this Act. Moneys owing due to the rights and obligations of  
5 the agricultural development authority and assumed by the Iowa  
6 finance authority shall be paid as directed by the Iowa finance  
7 authority.

8     Sec. 35. IOWA RURAL REHABILITATION CORPORATION.

9     1. The assets and liabilities of the former Iowa rural  
10 rehabilitation corporation assumed by the agricultural  
11 development authority pursuant to section 175.28 shall be  
12 transferred to the Iowa finance authority on the effective  
13 date of this Act. On such effective date, the Iowa finance  
14 authority shall be the successor in interest to the agreements  
15 in effect between the United States government and the  
16 agricultural development authority on behalf of this state.

17     2. The United States, acting through the United States  
18 department of agriculture, and its officials, shall be held  
19 harmless against any liability arising out of the transfer of  
20 assets from the agricultural development authority to the Iowa  
21 finance authority, or from the Iowa finance authority carrying  
22 out the provisions of any agreement relating to the use by  
23 this state of the Iowa rural rehabilitation corporation assets  
24 under the management of agricultural development authority as  
25 contained in the Iowa rural rehabilitation corporation trust  
26 liquidation.

27     Sec. 36. EFFECTIVE DATE. This division of this Act takes  
28 effect July 1, 2013.

29

#### DIVISION IV

30     TRANSITIONAL PROVISIONS — REQUIREMENTS OF THE IOWA FINANCE  
31     AUTHORITY AND THE AGRICULTURAL DEVELOPMENT AUTHORITY

32     Sec. 37. GENERAL. The Iowa finance authority shall provide  
33 for the implementation of this Act according to a schedule  
34 approved by the Iowa finance authority's board of directors  
35 which is consistent with this Act.

1     Sec. 38. EMERGENCY RULEMAKING. The Iowa finance authority  
2 may adopt emergency rules under section 17A.4, subsection 3,  
3 and section 17A.5, subsection 2, paragraph "b", to implement  
4 the provisions of this Act, and the rules shall be effective  
5 July 1, 2013, unless a later date is specified in the rules.  
6 Any rules adopted in accordance with this section shall also be  
7 published as a notice of intended action as provided in section  
8 17A.4.

9     Sec. 39. INTERAUTHORITY COOPERATION. The Iowa finance  
10 authority shall consult with the agricultural development board  
11 when implementing this Act. The agricultural development  
12 authority shall assist the Iowa finance authority in  
13 implementing this Act by providing for an effective transition  
14 of powers and duties from one authority to the other authority  
15 under chapter 175 and related administrative rules.

16     Sec. 40. EFFECTIVE UPON ENACTMENT. This division of this  
17 Act, being deemed of immediate importance, takes effect upon  
18 enactment.